

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION  
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
For The Year Ended June 30, 2005**

**BY**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-30-05

**ROSIE D. HARPER  
CERTIFIED PUBLIC ACCOUNTANT, LLP**

**141 DESIARD STREET, SUITE 325  
OFFICE 318-387-8008**

**MONROE, LOUISIANA 71201  
FAX 318-387-0806**

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**GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**WITH SUPPLEMENTAL INFORMATION**  
**For The Year Ended June 30, 2005**

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION**  
**Grambling, Louisiana**  
**Financial Statements**  
**and Independent Auditor's Report**  
**with Supplemental Information**  
**For the Year Ended June 30, 2005**

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**ROSIE D. HARPER**  
Certified Public Accountant LLP

141 DeSiard Street, Suite 325  
Monroe, Louisiana 71201

Office 318-387-8008  
FAX 318-387-0806

## Independent Auditor's Report

To the Board of Directors of  
Grambling University Athletic Foundation  
Grambling, Louisiana

I have audited the accompanying statement of financial position of Grambling University Athletic Foundation (a nonprofit organization) as of June 30, 2005, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grambling University Athletic Foundation as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rosie D. Harper  
Certified Public Accountant  
Monroe, Louisiana  
October 25, 2005

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## **FINANCIAL STATEMENTS**

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION**  
**Statement of Financial Position**  
June 30, 2005

**Assets**

Cash and Cash Equivalents	\$ 290,717
Receivables	88,872
Investments	140,345
Furniture and Equipment (Net, Note E)	<u>1,240</u>
<b>Total Assets</b>	<b><u><u>521,174</u></u></b>

**Liabilities and Net Assets****Liabilities:**

Accrued Liabilities	<u>5,973</u>
<b>Total Liabilities</b>	<b><u>5,973</u></b>

**Net Assets:**

## Unrestricted

## Designated by the Board

GUAF Quasi-Endowment	80,766
Net Assets Invested in Equipment	<u>1,240</u>
<b>Total Designated by the Board</b>	<b><u>82,006</u></b>

## Undesignated

<b>Total Unrestricted:</b>	<b><u>151,622</u></b>
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## Temporarily Restricted

	<u>363,579</u>
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## Total Net Assets

	<u>515,201</u>
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## Total Liabilities and Net Assets

	<b><u><u>\$ 521,174</u></u></b>
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See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended  
June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Contributions	\$ 4,417	\$ 146,293	\$ 150,710
Fundraisers	21,430	65,252	86,682
Membership Dues (Tiger Club)	32,984	-	32,984
Other Revenue			
Interest	269	2,340	2,609
Dividends	751	-	751
Gains (Losses) on Investments	12,265	-	12,265
Reclassifications of Net Assets:			
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	212,601	(212,601)	-
Other Reclassifications	6,417	(6,417)	-
	<u>291,134</u>	<u>(5,133)</u>	<u>286,001</u>
<b>Total Support, Revenue, Reclassifications, and Releases from Restrictions</b>	<b>291,134</b>	<b>(5,133)</b>	<b>286,001</b>
<b>Expenses</b>			
General and Administrative Expenses	2,954	-	2,954
Fundraiser Expenses	4,152	-	4,152
Program Expenses	262,883	-	262,883
<b>Total Expenses</b>	<u>269,989</u>	<u>-</u>	<u>269,989</u>
Changes in Net Assets	<u>21,145</u>	<u>(5,133)</u>	<u>16,012</u>
<b>Other Changes in Net Assets</b>			
Transfer In (Out)	(3,435)	3,435	-
<b>Total Other Changes in Net Assets</b>	<u>(3,435)</u>	<u>3,435</u>	<u>-</u>
<b>Total Change in Net Assets</b>	<u>17,710</u>	<u>(1,698)</u>	<u>16,012</u>
Net Assets as of Beginning of Year	<u>133,912</u>	<u>365,277</u>	<u>499,189</u>
Net Assets as of End of Year	<u>\$ 151,622</u>	<u>\$ 363,579</u>	<u>\$ 515,201</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION  
Statement of Cash Flows  
For the Year Ended  
June 30, 2005

<b>Operating Activities</b>	
Changes in Net Assets	\$ 16,012
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Provision for Depreciation	620
Increase in Accounts/Pledges Receivable	(3,009)
Increase in Accounts Payable/Accrued Liabilities	(10,978)
Total Adjustments	<u>(13,367)</u>
Net Cash Used by Operating Activities	<u>2,645</u>
<b>Investing Activities</b>	
Unrealized Loss in Investment	(12,297)
Reinvested Dividends and Interest	<u>(751)</u>
Net Cash Used by Investing Activities	<u>(13,048)</u>
<b>Net Cash Decrease for Period</b>	(10,403)
Cash and Cash Equivalents as of Beginning of Year	<u>301,120</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 290,717</u></u>

See Accompanying Auditors' Report and Notes to Financial Statements.

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION**  
**Statement of Functional Expenses**  
**For the Year Ended**  
**June 30, 2005**

	<b>Program Services</b>	<b>Supporting Service</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fund Raising</b>	
Awards	\$ -	\$ -	\$ -	\$ -
Bad Debt	-	200	-	200
Bank Charges	-	1,100	-	1,100
Contribution Expense	500	-	-	500
Courtesies	1,915	657	-	2,572
Departmental	171,323	-	1,465	172,788
Depreciation	-	620	20	640
Insurance	-	-	-	-
Miscellaneous	-	5	-	5
Office Expenses	4,317	372	-	4,689
Printing	2,112	-	10	2,122
Professional Fees	45,425	-	182	45,607
Promotional Fees	-	-	-	-
Radio Broadcast	16,966	-	-	16,966
Rental	1,456	-	2,244	3,700
Scholarships	11,000	-	-	11,000
Supplies	790	-	218	1,008
Travel	7,079	-	13	7,092
	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 262,883</b>	<b>\$ 2,954</b>	<b>\$ 4,152</b>	<b>\$ 269,989</b>

See Accompanying Auditors' Report and Notes to Financial Statements.

**Grambling University Athletic Foundation  
Grambling, Louisiana**

**Notes to the Financial Statement  
For the Year Ended June 30, 2005**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Grambling University Athletic Foundation (the Foundation) is an independent corporation organized and designed to work cooperatively in support of the athletic programs of Grambling State University in compliance with NCAA Regulations. Income is derived primarily from contributions and fund raising activities. The Foundation does not participate in the gate receipts from any activity. These receipts belong to the University to defray the expenses of their athletic programs.

**Basis of Accounting**

For the period ending June 30, 2005, the Foundation followed provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 117 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. The following is a description of the three net assets categories:

Unrestricted Net Assets-Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets-Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or by passage of time.

Permanently Restricted Net Assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Statement No. 117 also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. It establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

**Public Support and Revenue**

Revenue and public support consists mainly of fundraising, and contributions. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by time by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

**Grambling University Athletic Foundation  
Notes to the Financial Statements (Continued)**

When a time restrictions expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Foundation had no cash equivalents during the audit period. On June 30, 2005, the Foundation had cash totaling \$290,717. Cash at June 30, 2005 was as follows:

Unrestricted	\$	81,843
Temporarily Restricted		208,874
Total Cash	<u>\$</u>	<u>290,717</u>

**Depreciation**

The Foundation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Furniture and Equipment	7 years
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**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Foundation qualified as a publicly supported organization exempt from federal income tax under Section 501 (C) (3) of the Internal Revenue Code. Contributions to the Foundation are tax deductible within the limitations prescribed by the Code.

**Investments**

The Foundation is reporting in conformity with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair market values and all investments in debt

**Grambling University Athletic Foundation  
Notes to the Financial Statements (Continued)**

securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Donated Services and Facilities**

Personnel and occupancy are provided by Grambling State University to the Foundation as needed. During the years ended June 30, 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. The University donates the use of the facilities to the Foundation. The fair value of such use cannot be objectively determined.

**NOTE B. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE C. RECEIVABLES**

Receivables are deemed fully collectible by management and are composed of the following at June 30, 2005:

Bayou Classic Allocation Receivable	\$ 51,057
Concession Receivable	10,950
Radio Broadcast Receivable	22,000
Pledges Receivable	2,825
Regions-Refund for Unauthorized Transactions	2,040
Total Receivables	<u>\$ 88,872</u>

**NOTE D. INVESTMENTS**

All investments consist of board designated net assets as of June 30, 2005. The amount of \$26,542 is solely for scholarship purpose. They are summarized as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Certificate of Deposits	\$ 2,953	\$ 2,953
Mutual Funds	137,392	137,392
Total Investments	<u>\$ 140,345</u>	<u>\$ 140,345</u>

In September 1994 the Board established the Eddie Robinson Education Endowment with an original investment of \$25,000. There were to be no withdrawals for five years after which fifty

**Grambling University Athletic Foundation**  
**Notes to the Financial Statements (Continued)**

percent of the earnings will be available for scholarships and the remaining fifty percent added to the corpus. The endowment is invested with the Banc One Securities Cooperation with the earnings reinvested for additional shares. As reflected in unrestricted net assets under the caption "GUAF Quasi-Endowment" at June 30, 2005, the market value of this fund was \$80,766.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2005:

Dividends	\$	751
Distributed Capital Gain		1
Unrealized Gain		12,264
Total Investment Return	\$	<u>13,016</u>

**NOTE E. FURNITURE AND EQUIPMENT**

At June 30, 2005, The Foundation had the following fixed assets:

Furniture and Equipment	\$	4,341
Less Accumulated Depreciation		<u>(3,101)</u>
Total Furniture and Equipment	\$	<u>1,240</u>

**NOTE F. FUND RAISING ACCOUNTS**

The major fundraisers for Grambling University Athletic Foundation are the Bayou Classic Pageant, Golf Classic, Orchesis (a dance camp), and other adjunct activities of the annual Bayou Classic football game. The Foundation has no role with the Bayou Classic Football event. It only receives an allocation of funds from the revenue raised during the Bayou Classic. For the year ended June 30, 2005, the Organization had a receivable allocation of \$51,057 from the Bayou Classic Committee.

**NOTE G. TEMPORARILY RESTRICTED NET ASSETS**

The following temporarily restricted net assets were reclassified as unrestricted net assets for the following purposes:

Reclassification of Net Assets	
Restrictions Satisfied by Payments	\$ 212,601
3% Administration Fee	<u>6,417</u>
Total Reclassifications	<u>\$ 219,018</u>

The temporarily restricted net assets consist of contributions received to benefit the various student activities at Grambling State University. The Organization operates a separate temporarily restricted fund for each student activity. All unrestricted funds are maintained in a

**Grambling University Athletic Foundation  
Notes to the Financial Statements (Continued)**

General Fund account. At June 30, 2005, the General Fund had an interfund liability of \$154,704 due to the unrestricted funds.

**NOTE H. CONTINGENCIES**

The Foundation has retained legal council in the following matters:

1. A petition was filed against Millennium Concepts, L.L.C. on August 20, 2004 on behalf of Grambling University Athletic Foundation.  
*In May of 2002, Grambling University Athletic Foundation entered a contract with Millennium Concept for concession services for the football stadium, basketball and baseball arena. As of June 30, 2005, the Millennium Concept owed Grambling University Athletic Foundation the sum of \$10,950.45. There has been no legal action filed as of June 30, 2005.*
2. A letter of demand was issued against Delta Sports Network on August 10, 2004 on behalf of Grambling University Athletic Foundation. There has been no legal action filed at this time.  
*In December of 2001, Grambling University Athletic Foundation entered an exclusive broadcast agreement with Delta Sports Network for the broadcast of Grambling State University football. As of June 30, 2005, Delta Sports Network owed Grambling University Athletic Foundation the sum of \$22,000. There has been no legal action filed as of June 30, 2005.*
3. Grambling University Athletic Foundation was served with the Petition on August 16, 2004 on behalf of New South Communications, Inc.  
*New South Communications, Inc., et al has filed a petition against Grambling University Athletic Foundation for a disputed amount of 5,830. As of June 30, 2005, a hearing is scheduled for November 29, 2005 regarding an Exception of Improper Venue, which was filed by the attorney. A meeting was held between all the parties. The Organization is currently attempting to schedule depositions of possible witnesses that have knowledge of this matter.*

The attorney could make no predictions concerning the probability of outcome on these legal matters because they are in the beginning stages. As a result, no amounts have been reflected in the financial statements in reference to their possible outcome.

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## **SUPPLEMENTAL INFORMATION**

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION  
 Schedule of Account Activity and Balances  
 July 1, 2004 through June 30, 2005

	EXPENSES						June 30, 2005			
	Balance June 30, 2004	Support Revenue	Program	Management and General	Fund-Raising	Total Expenses		3% Fee	Other Transfers	Total Transfers
Athletic Advisory	\$ 1,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,563
Athletic Auxiliary	54,128	23,830	47,384	543	238	48,165	(715)	-	(715)	29,078
Baseball	1,207	839	-	-	-	-	(25)	-	(25)	2,021
Basketball-Men's	900	1,000	-	-	-	-	(30)	-	(30)	1,870
Basketball-Women's	4,038	1,200	3,449	-	-	3,449	(36)	-	(36)	1,753
Bowling	437	-	-	-	-	-	-	-	-	437
Cheerleaders	5,118	5,000	-	-	-	-	(150)	-	(150)	9,968
Culverhouse-Football Operations	82,096	174	-	-	-	-	-	(82,270)	(82,270)	0
Culverhouse-Scholarships	91,193	2,057	12,700	-	-	12,700	(70)	125,371	125,301	205,851
Culverhouse-Supplemental Pay	43,010	91	-	-	-	-	-	(43,101)	(43,101)	0
External Relations (Golf Tournament)	1,029	8,376	-	-	2,244	2,244	(251)	-	(251)	6,910
Football-Banquet	(4,968)	3,340	950	-	-	950	(100)	5,468	5,368	2,790
Football	24,680	39,241	35,979	-	698	36,677	(1,177)	(4,968)	(6,145)	21,099
Fred Hobby Scholarship	287	-	-	-	-	-	-	-	-	287
Golf	1,449	-	-	-	-	-	-	-	-	1,449
GSU Middle School	180	-	-	-	-	-	-	-	-	180
Leonard Griffin	2,918	18	-	-	-	-	(1)	-	(1)	2,935
Orchestra Dance	(2,346)	63,276	46,799	-	780	47,579	(1,898)	-	(1,898)	11,453
Radio Broadcast	21,773	45,034	37,269	-	182	37,451	(1,351)	-	(1,351)	28,005
Robert Piper Scholarship	485	-	-	-	-	-	-	-	-	485
Soccer	185	-	-	-	-	-	-	-	-	185
Softball	1,879	-	1,850	-	-	1,850	-	-	-	29
Sports Information	1,288	15,542	14,518	-	-	14,518	(466)	2,935	2,469	4,781
Sports Medicine	-	400	-	-	-	-	(12)	-	(12)	388
Student Affairs	14,548	2,557	3,516	46	-	3,562	(77)	-	(77)	13,466
State Farm Life Season Book	9,463	-	750	-	-	750	-	-	-	8,713
Tennis	223	1,000	575	-	-	575	(30)	-	(30)	618
Track	4,677	-	-	-	-	-	-	-	-	4,677
Volleyball	3,836	910	2,131	-	-	2,131	(27)	-	(27)	2,588
<b>Total Temporarily Restricted Net Assets</b>	<b>365,276</b>	<b>213,885</b>	<b>207,870</b>	<b>589</b>	<b>4,142</b>	<b>212,601</b>	<b>(6,417)</b>	<b>3,435</b>	<b>(2,982)</b>	<b>363,578</b>
<b>Unrestricted Net Assets</b>										
Operating (includes net investment in equipment)	702	9,119	40,505	2,164	10	42,679	6,417	(2,355)	4,062	(28,796)
Football Concession	16,862	21,430	-	-	-	-	-	-	-	38,292
Savings (Former Escrow)	9,001	59	-	-	-	-	-	-	-	9,060
Scarves & Ties	399	-	-	-	-	-	-	-	-	399
Tiger Club	34,705	32,984	14,509	200	-	14,709	-	(1,080)	(1,080)	51,900
<b>Board Designated</b>										
Eddie Robinson Educational Fund	72,243	8,523	-	-	-	-	-	-	-	80,766
<b>Total Unrestricted Net Assets</b>	<b>133,912</b>	<b>72,115</b>	<b>55,014</b>	<b>2,364</b>	<b>10</b>	<b>57,388</b>	<b>6,417</b>	<b>(3,435)</b>	<b>2,982</b>	<b>151,621</b>
<b>Total Net Assets</b>	<b>\$ 499,188</b>	<b>\$ 286,000</b>	<b>\$ 262,884</b>	<b>\$ 2,953</b>	<b>\$ 4,152</b>	<b>\$ 269,989</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 515,199 *</b>

\* Any differences as compared to the financial statements are a result of rounding.

See Accompanying Auditors' Report and Notes to Financial Statements.

**Grambling University Athletic Foundation**  
**Schedule of Payments to Grambling State University (GSU) Employees**  
**FY June 30, 2005**

<b>Employees</b>	<b>Payments</b>
Edwin, Thomas	\$ 275
Lyons, Herbert	310
Pannell, Larry	600
Ponton, David Jr.	4,000
Smallwood, Gloria N.	1,925
Spencer, Malcolm	300
<b>Total Payments to GSU Employees</b>	<b>\$ 7,410</b>